



Request for City Council Committee Action from the Information Technology Department

Date January 22, 2013

To: The Honorable Betsy Hodges, Chair, Ways and Means Committee

Subject: Increase the Unisys contract for Change Order transactions of \$50,000 or less.

Recommendation Authorize proper City officials to increase the Unisys managed services contract C-25200 by \$750,000 for change orders requested by IT and customer departments.

Prepared by Elise Ebhardt, Interagency Coordinator, 673-2026

Submitted by Otto Doll _____, 673-3633
Chief Information Officer

Approved by Paul Aasen _____
City Coordinator

Presenter in Committee Otto Doll, Chief Information Officer

Policy Review Group X Not Applicable

Permanent Review Committee (PRC) X Not Applicable

Prior Related Directives:

- December 21, 2007 Council adopted and the Mayor approved the authorization for City officials to renegotiate a five-year Managed Services contract with Unisys Corporation for the City's technology operations, effective January 1, 2008, with two optional two-year extensions for a contract total of \$49,000,000. At the onset of this agreement the City Council approved an initial \$1,000,000 be used for change orders.
- June 12, 2009 Council approved an additional \$500,000 to be used for change orders.
- August 28, 2009 Council approved an additional \$750,000 to be used for change orders.
- May 28, 2010 Council approved an additional \$750,000 for change orders.
- August 6, 2010 Council authorized a) Execute a single three (3) year extension instead of two (2) two-year extensions; and b) Amend the language contained in the

contract for a change in the scope of services offered, and increase the contract by \$33,900,000

- April 15, 2011 Council approved to increase the Unisys Managed Services Contract C-25200 by \$750,000 for additional change orders (of \$50,000 or less) anticipated for the remainder of 2011
- February 10, 2012 Council approved increase to the Unisys Managed Services Contract C-25200 by \$750,000 for change order transactions anticipated for the remainder of 2012.

Financial Impact: None. Expenses are funded by the department requesting the change order.

Financial Impact (Check those that apply)

- ☒ No financial impact (If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):
- ☒ Request provided to department's finance contact prior to the Committee Coordinator

Background/Supporting Information

The City of Minneapolis entered into a five year, \$49 million managed services contract with Unisys Corporation on January 1, 2008. The contract value and technical provisions were based on the City's technology assets and operations capacity at that point in time. The City renegotiated the contract in 2010 to extend managed services to 2015. Changes in the City's business requirements cause demand for increased managed services capacity that expands the scope of the contract.

To receive services not stipulated in the original agreement, either an amendment or change order to the contract is created. For services that are less than \$50,000, a change order is executed to increase the contract. For services totaling more than \$50,000, an amendment is created. All amendments are brought to and approved by the City Council. The total amount for change orders approved since 2008 is \$4,500,000. Since 2008, annual expenses for change orders have ranged from \$704,000 to \$1,097,000.

The types of services provided with change orders are: Personnel and equipment moves, software and hardware installations or upgrades, database installation or upgrades, and system configuration changes.

Request for Approval

Information Technology is requesting authorization for proper City officials to increase the Unisys managed services contract C-25200 by \$750,000 for additional change orders anticipated in 2013.

Change orders will be funded by the department making the request for the managed services change.